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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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Ministry of Small Industries

1. The Ministry of Small Industries and Crafts (Ministerstwo Drobneho Przemyslu i Rzemiosla), established in 1949, is responsible for the crafts industry (controlled through the Cooperatives Association), small factories whose principal production is for general consumption, and small factories which were taken from their owners with formal nationalization by local authorities.
2. The head of the Ministry is Adam Zebrowski. He is assisted by two deputies, one of whom is Mikolaj Olszewski, and several directors, one of whom is Zelicki (fnu). The latter are responsible for several departments within the Ministry.
3. The most important departments of the Ministry are those dealing with planning, personnel, employment and wages, finance, accounting, administration, organizations, supplies, marketing, production, technical, cooperatives, and security.
4. Sections of the Ministry were originally scattered over various parts of Warsaw, one group of offices being located on Ulica Miodowa. In October 1953, however, all sections were consolidated and moved to a new location in the Praga district of Warsaw.
5. The Ministry exercises only indirect supervision over the small factories. The municipal or county national councils (Miejskie Rady Narodowe or Powiatowe Rady Narodowe) operate the expropriated factories on behalf of the government. The legal status of these factories does not yet appear to have been decided.

The Cooperatives Association

6. The Cooperative Union of Industries and Crafts (Zwiazek Spoldzielni Przemyslowych i Rzemieslnicz), with headquarters at 40 Ulica Zorawia, Warsaw, serves approximately 3,000 groups in all Poland. It has local branches (Terenowe Związki Branzowe), which are based on specific trades. Nimiec (fnu) is chairman

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of the association; Ludwik Gros, deputy chairman and responsible for technical affairs; Rubanski (fnu), deputy chairman and responsible for organization; Rapacki (fnu), board member responsible for financial matters; and Eckhaus (fnu), board member responsible for production.

7. Cooperatives, sometimes referred to collectively as the P.P.W. (Panstwowe Przedsiębiorstwo Wyodrebnione), are divided into three types:
 - a. Producer cooperatives (Spoldzielnie Pracy), which make up the majority.
 - b. Service cooperatives (Spoldzielnie Pracy Uslugowej), which include such tradesmen as tailors, shoemakers and shoemenders, and plumbers.
 - c. Auxiliary cooperatives (Pomocnicze Spoldzielnie Rzemieslnicze), which are loose associations of independent craftsmen. This group had almost disappeared by the end of 1953, but the decision was taken after the Party Census on Industry to raise the workers' standard of living. These independent craftsmen were therefore offered official support and encouraged to unite in cooperatives.
8. Ten members represent the minimum number required to establish a cooperative. They elect a responsible committee which must apply to the local branch of the Cooperatives Association. The local branch examines the application and obtains approval from the industrial department of the local national council (Rada Narodowa) before authorizing the establishment of the new cooperative. The committee then elects the management. Nominally, each member is free to elect whomever he desires; in practice, each candidate for election must be approved by the borough committee of the Party (Komitet Dzielnicowy Partii) in a large city or by the city committee (Miejski Komitet Partii) in smaller places. Following this, the Association's branch committee applies to headquarters for approval. When this approval has been received, the new cooperative is registered in the appropriate district court and may then begin its operations.
9. Auxiliary cooperatives are established through procedures similar to that for the other cooperatives, but the minimum of ten members must already have working equipment and permits.
10. Cooperatives must be financially self-supporting just as any other industrial enterprise. They must also pay membership fees of two percent of their turnover to maintain the Cooperatives Association. Members of cooperatives receive a basic wage supplemented by a bonus which depends upon the extent to which their unit has fulfilled the annual production plan.
11. The producer cooperatives alone received allocations of raw materials, which come from the Ministry through the local branches of the Association. The principal customers of the producer cooperatives are city retail organizations (Miejski Handel Detaliczny) and Peasants' Mutual Aid Unions (Związki Samopomocy Chlopskiej), although some cooperatives do receive orders for the key industrial factories.
12. Auxiliary cooperatives allot their orders to individual members who bill the cooperative when the work is completed. The cooperative adds 10 percent to the total bill before it is passed to the consumer. The 10 percent is divided as follows:
 - a. One third to be paid to the government in taxes.
 - b. One fifth to the Cooperatives Association.
 - c. The remainder to be used for administrative expenses.

In addition, members must pay income tax and turnover tax, calculated on the bills which they have presented to the cooperative. In March 1954 these taxes totalled 40 to 50 percent of the members' earnings. Some relief resulted from the decisions taken at the 1954 Party Conference.

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13. Because the level of earnings is so low, members of cooperatives usually submit bills for work not performed. Government officials, who are usually the customers, are willing to participate in this type of fraud, since they too must have ways of supplementing their inadequate incomes.
14. Typical of the small factories whose principal production is for general consumption are a tinsmith's shop at 27 Ulica Podskarbinska, Warsaw, and a boiler shop at 39 Ulica Grzybowska, Warsaw.

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